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November 1, 2011

Louisiana Legislative Auditor
P. O. Box 94397
Baton Rouge, Louisiana 70804-9397

Re: Town of Clayton
Reissued report

Dear Sir:

The attached reissued report of the Town of Clayton for the year ended June 30, 2010 was reissued to include a grant that was not included in the original report and financial statements. The original report was dated October 18, 2010 and the reissued report is dated October 14, 2011. The grant that is included in the reissued report is a \$295,145 grant from EPA which is included on Statement E on page 10 of the reissued report in the Capital Projects Fund.

An explanation of the reason for the reissued report is included on the auditor's report on page 2 and also in Note 10 on page 23.

Sincerely,

A handwritten signature in cursive script that reads 'Myles Hopkins'.

Myles Hopkins, CPA

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **FEB 08 2012**

REISSUE

**TOWN OF CLAYTON, LOUISIANA
ANNUAL FINANCIAL STATEMENTS
(REINSTATED)**

**AS OF JUNE 30, 2010
AND FOR THE YEAR THEN ENDED**

**WITH
INDEPENDENT AUDITOR'S REPORT**



SILAS SIMMONS LLP

CERTIFIED PUBLIC ACCOUNTANTS *and* ADVISORS

TOWN OF CLAYTON, LOUISIANA

**Annual Financial Statements
As of and for the Year Ended June 30, 2010
With Supplemental Information Schedules**

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TOWN OF CLAYTON, LOUISIANA

**Annual Financial Statements
As of and for the Year Ended June 30, 2010
With Supplemental Information Schedules**

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INDEPENDENT AUDITOR'S REPORT

Honorable Rydell Turner, Mayor
And Members of the Board of Aldermen
Town of Clayton, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Clayton, Louisiana as of and for the year ended June 30, 2010, which collectively comprise the Town's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

The previously issued financial statements and report dated October 18, 2010, are restated with this report and financial statements. This auditor's report and financial statements replace the previously issued report. Note 10 to the financial statements gives a discussion of the reissued financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Clayton, Louisiana as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2011, on our consideration of the Town of Clayton, Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 5 and pages 24 through 25 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Clayton, Louisiana's basic financial statements. The other supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, based on our audit, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Silas Simons, LLP

Natchez, Mississippi
October 14, 2011

**TOWN OF CLAYTON
CLAYTON, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2010**

As management of the Town of Clayton, Louisiana, we offer readers of the Town of Clayton, Louisiana's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal years ended June 30, 2010 and 2009. We encourage readers to consider the information provided here in conjunction with additional information found within the body of the audit.

FINANCIAL HIGHLIGHTS

The financial statements included in this report provide insight into the financial status for the year. Based upon the operations of 2010 and 2009, the Town's net assets decreased in 2010, which resulted in ending net assets of \$3,164,786, and decreased in 2009, which resulted in ending net assets of \$2,739,300 at June 30, 2009.

1. The beginning cash balance at July 1, 2008, was \$241,406. The ending cash balance was \$301,326 at June 30, 2009, and \$354,985 at June 30, 2010.
2. The governmental activities had \$689,763 in revenues in 2010, and \$204,028 in 2009. The revenues consisted primarily of grants, sales taxes, property taxes, occupational licenses, franchise taxes, and fines. There were expenditures of \$168,267 in 2010, and \$179,755 in 2009.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town of Clayton's financial statements. The Town's financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Town's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the Town's net assets changed during the most recent fiscal year.

The government-wide financial statements outline functions of the Town that are principally supported by property taxes and intergovernmental revenues (governmental activities). Fixed assets and related debt are also supported by taxes and intergovernmental revenues.

The government-wide financial statements can be found on pages 6 - 7 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives.

The basic governmental fund financial statements can be found on pages 8 - 14 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the fund financial statements. The notes to the financial statements can be found on pages 15 to 23 of this report.

**TOWN OF CLAYTON
CLAYTON, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2010**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following is a condensed statement of the Town's net assets:

	Governmental Activities	Business-Type Activities	Total	
			2010	2009
Current assets	\$ 41,529	\$ 59,001	\$ 100,530	\$ 73,852
Noncurrent assets	952,380	2,162,252	3,114,632	2,731,364
Total assets	\$ 993,909	\$ 2,221,253	\$ 3,215,162	\$ 2,805,216
Current liabilities	\$ 3,731	\$ 11,222	\$ 14,953	\$ 33,421
Noncurrent liabilities	-	35,423	35,423	32,495
Total liabilities	\$ 3,731	\$ 46,645	\$ 50,376	\$ 65,916
Net assets				
Investment in capital assets, net of related debt	\$ 703,348	\$ 2,126,829	\$ 2,830,177	\$ 2,466,315
Restricted	249,032	35,423	284,455	193,543
Restricted for debt service	-	-	-	30,011
Unrestricted	37,798	12,356	50,154	49,431
Total net assets	\$ 990,178	\$ 2,174,608	\$ 3,164,786	\$ 2,739,300

The following is a summary of the statement of activities:

	Governmental Activities	Business-Type Activities	Total	
			2010	2009
Revenues				
Program revenues	\$ 547,376	\$ 285,630	\$ 833,006	\$ 299,720
General revenues	142,387	789	143,176	160,144
Transfers	(445,303)	445,303	-	-
Total revenues and transfers	\$ 244,460	\$ 731,722	\$ 976,182	\$ 459,864
Expenses				
General and administrative	\$ 38,590	\$ -	\$ 38,590	\$ 40,149
Public safety - police	24,366	-	24,366	26,248
Public safety - fire	11,928	-	11,928	11,129
Street and sanitation	93,283	-	93,283	102,029
Interest expense	100	-	100	200
Utility operations	-	382,429	382,429	338,746
Total expenses	\$ 168,267	\$ 382,429	\$ 550,696	\$ 518,501
Increase (decrease) in net assets	\$ 76,193	\$ 349,293	\$ 425,486	\$ (58,637)
Net assets, beginning of year	913,985	1,825,315	2,739,300	2,797,937
Net assets, end of year	\$ 990,178	\$ 2,174,608	\$ 3,164,786	\$ 2,739,300

**TOWN OF CLAYTON
CLAYTON, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2010**

Comments on General Fund Comparisons

The Town's budget was amended once during the last year. The budgeted expenditures were \$334,164 and revenues and transfers-in were budgeted at \$437,835.

CAPITAL ASSETS

As of June 30, 2010, the Town had \$703,348 invested in capital assets in the general fund and \$2,126,829 in the proprietary fund. This year, there were \$49,263 in additions in the general fund and \$455,814 in the capital projects fund. The following capital assets were purchased in 2010:

General fund:

Tractor	\$	24,300
Park development		9,077
City Hall renovations		8,042
Christmas decorations		4,692
Lawn mower		1,948
Ball park bleachers		<u>1,204</u>
Total	\$	<u>49,263</u>

Capital projects fund:

Sewer additions	\$	<u>455,814</u>
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REQUEST FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. Any questions about this report or request for additional information may be directed to Sadie Jones, Town Clerk, 101 Shady Lane, Clayton, LA 71326, (318) 757-8540.

SECTION II
GOVERNMENT-WIDE FINANCIAL STATEMENTS

TOWN OF CLAYTON
CLAYTON, LOUISIANA
STATEMENT OF NET ASSETS
JUNE 30, 2010

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 31,332	\$ 39,198	\$ 70,530
Receivables, net	-	19,268	19,268
Accrued interest receivable	-	535	535
Due from other governments	10,197	-	10,197
Restricted assets	249,032	35,423	284,455
Capital assets - net	<u>703,348</u>	<u>2,126,829</u>	<u>2,830,177</u>
Total assets	<u>\$ 993,909</u>	<u>\$ 2,221,253</u>	<u>\$ 3,215,162</u>
<u>LIABILITIES</u>			
Accounts and other payables	\$ 3,731	\$ 11,222	\$ 14,953
Meter deposits	-	<u>35,423</u>	<u>35,423</u>
Total liabilities	<u>\$ 3,731</u>	<u>\$ 46,645</u>	<u>\$ 50,376</u>
<u>NET ASSETS</u>			
Invested in capital assets	\$ 703,348	\$ 2,126,829	\$ 2,830,177
Restricted	249,032	-	249,032
Unrestricted	<u>37,798</u>	<u>47,779</u>	<u>85,577</u>
Total net assets	<u>\$ 990,178</u>	<u>\$ 2,174,608</u>	<u>\$ 3,164,786</u>

The accompanying notes are an integral part of this financial statement.

STATEMENT B

TOWN OF CLAYTON
CLAYTON, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010

Activities	Expenses	Program Revenues		Net (Expenses), Revenues, and Changes		Total
		Charges for Services	Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental activities						
General government	\$ 38,590	\$ -	\$ -	\$ (38,590)	\$ -	\$ (38,590)
Public safety:						
Police	24,366	20,807	-	(3,559)	-	(3,559)
Fire	11,928	3,531	523,038	514,641	-	514,641
Street and sanitation	93,283	-	-	(93,283)	-	(93,283)
Interest paid on debt	100	-	-	(100)	-	(100)
Total governmental activities	\$ 168,267	\$ 24,338	\$ 523,038	\$ 379,109	\$ -	\$ 379,109
Business-type activities						
Water and sewer	\$ 382,429	\$ 259,550	\$ 26,080	\$ -	\$ (96,799)	\$ (96,799)
Total	\$ 550,696	\$ 283,888	\$ 549,118	\$ 379,109	\$ (96,799)	\$ 282,310
General Revenues:						
Taxes						
Property taxes				\$ 4,630	\$ -	\$ 4,630
Sales taxes				120,445	-	120,445
Beer taxes				1,989	-	1,989
Franchise taxes				9,468	-	9,468
Occupational licenses				4,355	-	4,355
Interest income				266	789	1,055
Miscellaneous				1,234	-	1,234
Transfers				(445,303)	445,303	-
Total general revenues and transfers				\$ (302,916)	\$ 446,092	\$ 143,176
Changes in net assets				\$ 76,193	\$ 349,293	\$ 425,486
Net assets, July 1, 2009				913,985	1,825,315	2,739,300
Net assets, June 30, 2010				\$ 990,178	\$ 2,174,608	\$ 3,164,786

The accompanying notes are an integral part of this financial statement.

SECTION III
FUND FINANCIAL STATEMENTS

**TOWN OF CLAYTON
CLAYTON, LOUISIANA
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2010**

	<u>Major Funds</u>			<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Indebtedness Fund</u>	
<u>ASSETS</u>				
Cash	\$ 22,628	\$ 5	\$ 8,699	\$ 31,332
Restricted assets	249,032	-	-	249,032
Due from other governmental units	10,197	-	-	10,197
Total assets	<u>\$ 281,857</u>	<u>\$ 5</u>	<u>\$ 8,699</u>	<u>\$ 290,561</u>
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities:				
Accounts and other payables	\$ 3,731	\$ -	\$ -	\$ 3,731
Fund balances:				
Reserved for roads	\$ 249,032	\$ -	\$ -	\$ 249,032
Unreserved, undesignated	29,094	5	8,699	37,798
Total fund balance	<u>\$ 278,126</u>	<u>\$ 5</u>	<u>\$ 8,699</u>	<u>\$ 286,830</u>
Total liabilities and fund balances	<u>\$ 281,857</u>	<u>\$ 5</u>	<u>\$ 8,699</u>	<u>\$ 290,561</u>

The accompanying notes are an integral part of this financial statement.

**TOWN OF CLAYTON
CLAYTON, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2010**

Fund balances, total governmental funds (Statement C)	\$	286,830
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Total net assets reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of:

Land, buildings, and equipment	\$	961,028	
Less accumulated depreciation		<u>(257,680)</u>	<u>703,348</u>

Net assets of governmental activities (Statement A)	\$	<u>990,178</u>
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The accompanying notes are an integral part of this financial statement.

**TOWN OF CLAYTON
CLAYTON, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010**

	Major Funds			Total
	General Fund	Capital Projects Fund	Indebtedness Fund	Governmental Funds
<u>REVENUES</u>				
Taxes	\$ 136,532	\$ -	\$ -	\$ 136,532
Licenses and permits	4,355	-	-	4,355
Intergovernmental	67,224	455,814	-	523,038
Fines and forfeits	20,807	-	-	20,807
Interest income	9	-	257	266
Other	4,765	-	-	4,765
Total revenues	<u>\$ 233,692</u>	<u>\$ 455,814</u>	<u>\$ 257</u>	<u>\$ 689,763</u>
<u>EXPENDITURES</u>				
General government	\$ 33,560	\$ -	\$ -	\$ 33,560
Public safety:				
Police	24,366	-	-	24,366
Fire	1,675	-	-	1,675
Street and sanitation	65,641	-	-	65,641
Capital outlays	49,263	455,814	-	505,077
Debt service:				
Principal paid	-	-	2,000	2,000
Interest paid	-	-	100	100
Total expenditures	<u>\$ 174,505</u>	<u>\$ 455,814</u>	<u>\$ 2,100</u>	<u>\$ 632,419</u>
Excess (deficiency) of revenues over expenditures	\$ 59,187	\$ -	\$ (1,843)	\$ 57,344
Other financing sources:				
Transfers-in	10,511	-	-	10,511
Net changes in fund balances	\$ 69,698	\$ -	\$ (1,843)	\$ 67,855
Fund balances, beginning	208,428	5	10,542	218,975
Fund balances, ending	<u>\$ 278,126</u>	<u>\$ 5</u>	<u>\$ 8,699</u>	<u>\$ 286,830</u>

The accompanying notes are an integral part of this financial statement.

**TOWN OF CLAYTON
CLAYTON, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010**

Net change in fund balances, total governmental funds, (Statement E)	\$ 67,855
The change in net assets reported for governmental activities in the statement of activities is different because:	
Principal payments on loans	2,000
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay which is considered expenditures on statement of revenues, expenditures, and changes in fund balances	505,077
Depreciation expense for the year	(42,925)
Governmental funds report capital outlays as expenditures. However, in the capital projects fund expenditures for sewer plant construction were transferred to the proprietary fund.	
Capital outlay transferred to proprietary fund	<u>(455,814)</u>
Change in net assets of governmental activities, (Statement B)	<u>\$ 76,193</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF CLAYTON
CLAYTON, LOUISIANA
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
JUNE 30, 2010

ASSETS

Current assets:

Cash and cash equivalents	\$ 39,198
Accounts receivable, net of allowance	19,268
Accrued interest receivable	535
Total current assets	<u>\$ 59,001</u>

Noncurrent assets:

Restricted assets	
Cash and cash equivalents	\$ 35,423
Capital assets, net of accumulated depreciation	2,126,829
Total noncurrent assets	<u>\$ 2,162,252</u>

Total assets	<u>\$ 2,221,253</u>
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LIABILITIES

Current liabilities:

Accounts and other payables	\$ 11,222
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Current liabilities payable from restricted assets:

Meter deposits	\$ 35,423
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Total liabilities	<u>\$ 46,645</u>
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NET ASSETS

Investment in capital assets, net of related debt	\$ 2,126,829
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Unrestricted	<u>47,779</u>
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Total net assets	<u>\$ 2,174,608</u>
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The accompanying notes are an integral part of this financial statement.

**TOWN OF CLAYTON
CLAYTON, LOUISIANA
PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2010**

Operating revenues:	
Charges for services	\$ 259,550
Operating expenses:	
Gas purchases	\$ 40,583
Salaries	73,360
Material and supplies	13,001
Depreciation	107,290
Repairs	34,833
Miscellaneous	17,351
Truck and tractor expense	6,395
Utilities and telephone	15,869
Office supplies	4,090
Payroll taxes	5,952
Insurance	54,429
Bad debt	2,500
Legal and accounting	6,600
Total operating expenses	\$ 382,253
Operating (loss)	\$ (122,703)
Nonoperating revenues (expenses)	
Interest income	\$ 789
Grant income	26,080
Interest expense	(176)
Total nonoperating revenues	\$ 26,693
(Loss) before transfers	\$ (96,010)
Transfers in	\$ 455,814
Transfers (out)	(10,511)
Total transfers	\$ 445,303
Change in net assets	\$ 349,293
Net assets, beginning	1,825,315
Net assets, ending	\$ 2,174,608

The accompanying notes are an integral part of this financial statement.

TOWN OF CLAYTON
CLAYTON, LOUISIANA
PROPRIETARY FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2010

Cash flows from operating activities:	
Cash received from customers	\$ 258,730
Cash payments to suppliers for goods and services	(199,172)
Cash payments to employees for services	(73,360)
Net cash (used) by operating activities	<u>\$ (13,802)</u>
Cash flows from noncapital financing activities:	
Operating transfers (to) other funds	\$ (10,511)
(Decrease) in consumer deposits	2,928
Net cash (used) by noncapital financing activities	<u>\$ (7,583)</u>
Cash flows from capital activities:	
Principal paid on notes	\$ (7,000)
Interest paid on notes	(349)
Grant income	26,080
Net cash provided by capital and financing activities	<u>\$ 18,731</u>
Cash flows from investing activities:	
Interest income	<u>\$ 779</u>
Net decrease in cash and cash equivalents	<u>\$ (1,875)</u>
Cash and cash equivalents at July 1, 2009	<u>76,496</u>
Cash and cash equivalents at June 30, 2010	<u><u>\$ 74,621</u></u>
Reconciliation of operating (loss) to net cash provided by operating activities:	
Operating (loss)	\$ (122,703)
Adjustments to reconcile operating (loss) to net cash provided by operating activities:	
Depreciation	107,290
Changes in assets and liabilities:	
(Increase) in accounts receivable	(820)
Increase in accounts payable	<u>2,431</u>
Net cash (used) by operating activities	<u><u>\$ (13,802)</u></u>

The accompanying notes are an integral part of this financial statement.

NOTES TO THE FINANCIAL STATEMENTS

**TOWN OF CLAYTON
CLAYTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2010**

INTRODUCTION

The Town of Clayton is a municipal corporation governed by an elected mayor.

1. The Town of Clayton, Louisiana was incorporated under provisions of the Lawrason Act as a Town in 1962.
2. The purpose of a municipality is to provide utility services, public safety, (police and fire), streets, sanitation, and general administrative services.
3. The Board of Aldermen consists of five elected members that are paid \$150 per month.
4. The Town of Clayton is located in the northeastern portion of Concordia Parish, Louisiana. Concordia Parish is located in northeastern Louisiana.
5. The population of Clayton is approximately 835.
6. The Town of Clayton has three full time employees and one part time employee.
7. The Town of Clayton has approximately 466 utility customers.

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this statement, the municipality is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the municipality may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes, set rates or charges, and issue bonded debt.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Date of Management's Review

Management has evaluated subsequent events through October 18, 2010, the date on which the financial statements were available to be issued.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds.

**TOWN OF CLAYTON
CLAYTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2010**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. *Measurement Focus, Basis of Accounting, and Financial Statement Presentation*

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Town reports the following major governmental funds:

The General Fund is the municipality's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Capital Projects Fund accounts for construction projects funded by grants.

The Indebtedness Fund accounts for long-term debt.

The Town reports the following major proprietary fund:

The Utility Fund is used to account for the provision of gas and water utilities, as well as sewer services to residents of the Town. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

**TOWN OF CLAYTON
CLAYTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2010**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. *Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)*

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal on-going operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

D. *Deposits*

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of six months or less from the date of acquisition. State law and the Town's investment policy allow the municipality to invest in collateralized certificates of deposit, government-backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government-backed securities.

E. *Receivables and Revenues*

All trade and property tax receivables are shown net of an allowance for uncollectible accounts. Uncollectible amounts due for ad valorem taxes and customer's utility receivables are recognized through the establishment of an allowance account at the time information becomes available, which would indicate the uncollectibility of the particular receivable.

The Town annually levies ad valorem taxes in accordance with state statute for the fiscal year ended June 30. Tax bills are prepared and delivered in October with payment due from the date of receipt to the last day of February. Because of the due dates noted previously, ad valorem taxes are not considered to be available resources of the fiscal year to which they apply and are, therefore, not accrued at the end of the fiscal year.

The Town bills and collects its own property taxes using the assessed values determined by the Tax Assessor of Concordia Parish.

**TOWN OF CLAYTON
CLAYTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2010**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. *Receivables and Revenues* (continued)

For the year ended June 30, 2010, taxes of 3.53 mills were levied on property with assessed valuations totaling \$1,277,410, after abatements and exemptions, and were dedicated as follows:

General corporate purposes	3.53 mills
Total taxes levied	\$ 4,630

F. *Inventories*

For both governmental and proprietary funds, purchase of various operating supplies are regarded as expenditures or expenses at the time purchased, and inventories of such supplies (if any) are not recorded as assets at the close of the fiscal year. For the year ending June 30, 2010, these amounts were considered to be immaterial.

G. *Restricted Assets*

Restricted assets represent resources that must be expended in a specific manner. Restrictions of this nature are imposed by various contractual obligations including grant agreements and bond covenants. In situations where it is permissible to spend restricted resources, the Town typically depletes the available restricted resources before consuming unrestricted resources. Restricted assets were applicable to the following at June 30, 2010:

Utility fund:	
Customer deposits	\$ 35,423
	<u>\$ 35,423</u>
Governmental fund:	
Road maintenance	\$ 249,032
	<u>\$ 249,032</u>

H. *Capital Assets*

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The municipality maintains a threshold level of \$500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

**TOWN OF CLAYTON
CLAYTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2010**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Capital Assets (continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

Description	Estimated Lives
Governmental activities:	
Streets	20 years
Buildings	40 years
Vehicles	5 - 15 years
Machinery and equipment	5 - 15 years
Business-type activities/Enterprise Fund:	
Buildings	25 years
Infrastructure	20 - 50 years
Machinery and equipment	10 - 20 years
Vehicles	5 years

I. Compensated Absences

Each full-time employee is credited with one day of vacation leave for each month worked. The employee's vacation leave will begin to accumulate upon finishing a six-month probation period. Employees are allowed five days of sick leave up until his or her first anniversary date arrives. After his or her first anniversary, the employee shall earn sick leave at the rate of ten days per anniversary date. In accordance with GASB Statement No. 16, the Town had no accrued compensated absences as of June 30, 2010.

J. Long-Term Obligations

In the government-wide financial statements, and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**TOWN OF CLAYTON
CLAYTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2010**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

L. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - CASH AND CASH EQUIVALENTS

The following is a summary of cash and cash equivalents (book balances) at June 30, 2010:

Demand deposits	\$ 298,324
Time deposits	56,661
Total	<u>\$ 354,985</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At June 30, 2010, the primary government has \$364,595 in deposits (collected bank balances). These deposits are secured from risk by \$364,595 of federal deposit insurance and \$85,827 of pledged securities held by the custodian bank in the name of the fiscal agent bank (GASB Category 3).

NOTE 3 - RECEIVABLES

The following is a summary of receivables for June 30, 2010:

<u>Class of Receivables</u>	<u>Business-Type Activities</u>
Utilities	\$ 36,058
Less allowance for bad debts	(16,790)
Total	<u>\$ 19,268</u>

**TOWN OF CLAYTON
CLAYTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2010**

NOTE 4 - CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2010, is as follows:

	<u>Balance 6/30/2009</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance 6/30/2010</u>
Governmental activities:				
Capital assets not being depreciated				
Land	\$ 8,425	\$ -	\$ -	\$ 8,425
Capital assets being depreciated				
Buildings	\$ 131,160	\$ 23,015	\$ -	\$ 154,175
Streets	552,832	-	-	552,832
Equipment	<u>219,348</u>	<u>26,248</u>	-	<u>245,596</u>
Total capital assets being depreciated	\$ <u>903,340</u>	\$ <u>49,263</u>	\$ -	\$ <u>952,603</u>
Less accumulated depreciation for:				
Buildings	\$ (30,056)	\$ (5,143)	\$ -	\$ (35,199)
Streets	(52,980)	(27,642)	-	(80,622)
Equipment	<u>(131,719)</u>	<u>(10,140)</u>	-	<u>(141,859)</u>
Total accumulated depreciation	\$ <u>(214,755)</u>	\$ <u>(42,925)</u>	\$ -	\$ <u>(257,680)</u>
Total capital assets being depreciated, net	\$ <u>688,585</u>	\$ <u>6,338</u>	\$ -	\$ <u>694,923</u>
Governmental activities capital assets, net	\$ <u>697,010</u>	\$ <u>6,338</u>	\$ -	\$ <u>703,348</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 5,030
Fire	10,253
Streets	<u>27,642</u>
Total	<u>\$ 42,925</u>

	<u>Balance 6/30/2009</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance 6/30/2010</u>
Business-type activities:				
Capital assets being depreciated				
Equipment	\$ 3,470,257	\$ 455,814	\$ -	\$ 3,926,071
Less accumulated depreciation for:				
Equipment	\$ (1,691,952)	\$ (107,290)	\$ -	\$ (1,799,242)
Total capital assets being depreciated, net	\$ <u>1,778,305</u>	\$ <u>348,524</u>	\$ -	\$ <u>2,126,829</u>

**TOWN OF CLAYTON
CLAYTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2010**

NOTE 5 - CONSTRUCTION COMMITMENTS

The Town has two active construction projects as of June 30, 2010. The commitment with contractors was as follows:

	Spent To Date	Remaining Commitment
Sewer addition project (HUD funded)	\$ 109,575	\$ 289,925
Sewer addition project (ARRA funded)	195,043	332,608
Total	<u>\$ 304,618</u>	<u>\$ 622,533</u>

NOTE 6 - LONG-TERM DEBT

The following is a summary of long-term transactions for the year ended June 30, 2010:

	General Obligation Bonds	Revenue Bonds	Total
Bonds payable at June 30, 2009	\$ 2,000	\$ 7,000	\$ 9,000
Additions	-	-	-
Principal retired	(2,000)	(7,000)	(9,000)
Bonds payable at June 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 7 - RETIREMENT COMMITMENTS

The Town of Clayton employees are all members of the social security system and are members of no other retirement plan. The expense of the social security is reflected in payroll taxes in the various statements of income.

NOTE 8 - RISK MANAGEMENT

The Town is exposed to certain risks of losses such as property damage, liability issues, and other potential losses that may occur. The Town minimizes its losses by purchase of commercial insurance. The Town's exposure over the amount of insurance is considered to be immaterial.

NOTE 9 - COMPENSATION OF THE GOVERNING BOARD

The Governing Board of the Town of Clayton, Louisiana consists of a Mayor and five Aldermen. For the year ended June 30, 2010, their compensation was as follows:

Rydell Turner	\$ 3,600
Blanche Clayton	1,800
Lavon Barber	1,800
Carl Thompson	1,800
Willie Evans	1,800
Irene Jefferson	1,800
Total	<u>\$ 12,600</u>

**TOWN OF CLAYTON
CLAYTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2010**

NOTE 10 - REISSUED FINANCIAL STATEMENTS

The financial statements and report dated October 18, 2010, were reissued to include a \$295,145 grant from the Environmental Protection Agency used for construction of wastewater system improvements. These Recovery Act Funds are included in the Capital Projects Fund.

SECTION IV
ADDITIONAL REQUIRED SUPPLEMENTARY INFORMATION

**TOWN OF CLAYTON
CLAYTON, LOUISIANA
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 334,900	\$ 331,568	\$ 135,637	\$ (195,931)
Licenses and permits	5,700	4,355	4,355	-
Intergovernmental	3,400	70,001	67,224	(2,777)
Fines	39,000	20,911	20,807	(104)
Interest	100	100	9	(91)
Miscellaneous	500	400	4,765	4,365
Total revenues	<u>\$ 383,600</u>	<u>\$ 427,335</u>	<u>\$ 232,797</u>	<u>\$ (194,538)</u>
Expenditures				
General government	\$ 24,125	\$ 26,225	\$ 33,980	\$ (7,755)
Public safety:				
Police	25,300	25,300	24,182	1,118
Fire	3,902	4,202	1,597	2,605
Street and sanitation	217,002	217,002	68,118	148,884
Capital outlay	-	61,435	58,354	3,081
Total expenditures	<u>\$ 270,329</u>	<u>\$ 334,164</u>	<u>\$ 186,231</u>	<u>\$ 147,933</u>
Excess of revenues over expenditures	\$ 113,271	\$ 93,171	\$ 46,566	\$ (46,605)
Other financing sources:				
Operating transfers in	<u>4,000</u>	<u>10,500</u>	<u>10,511</u>	<u>11</u>
Net changes in fund balances	\$ 117,271	\$ 103,671	\$ 57,077	\$ (46,594)
Fund balance, beginning	<u>211,933</u>	<u>211,933</u>	<u>211,933</u>	<u>-</u>
Fund balance, ending	<u>\$ 329,204</u>	<u>\$ 315,604</u>	<u>\$ 269,010</u>	<u>\$ (46,594)</u>

See Independent Auditor's Report.

**TOWN OF CLAYTON
CLAYTON, LOUISIANA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2010**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule

1. Basis of Presentation

The Budgetary Comparison Schedule presents the original legally adopted budget, the final legally adopted budget, the actual data on the GAAP basis, and variances between the final budget and the actual data.

2. Budget Amendments and Revisions

The budget is adopted by the Board of Aldermen. Amendments can be made on the approval of the Board of Aldermen. A budgetary comparison is presented for the general fund consistent with accounting principles generally accepted in the United States of America. There were no nonmajor funds.

3. Budget/GAAP Basis Reconciliation

The differences between the budgetary basis and the GAAP basis are:

- a. Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP).
- b. Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

The following schedule reconciles net change in fund balances on the budgetary basis schedules to the GAAP basis financial statements:

Net changes in fund balance - budget basis	\$ 57,077
Increase	
Net adjustment for revenue accruals	895
Net adjustments for expenditure accruals	<u>11,726</u>
Net change in fund balance - GAAP basis	<u>\$ 69,698</u>

See Independent Auditor's Report.

SECTION V
OTHER REPORTS


SILAS SIMMONS LLP

 CERTIFIED PUBLIC ACCOUNTANTS *and* ADVISORS

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Honorable Rydell Turner, Mayor
and Members of the Board of Aldermen
Town of Clayton, Louisiana

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Clayton, Louisiana as of and for the year ended June 30, 2010, which collectively comprise the Town of Clayton, Louisiana's basic financial statements and have issued our report thereon dated October 14, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Clayton, Louisiana's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Clayton, Louisiana's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Clayton, Louisiana's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs, that we consider to be significant deficiencies in internal control over financial reporting. Those deficiencies are described as 2010-1, 2010-2, 2010-3, and 2010-4. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Clayton, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying schedule of findings as 2010-4.

This report is intended for the information and use of management of the Town of Clayton, Louisiana and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

Silas Simmons, LLP

Natchez, Mississippi
October 14, 2011

SECTION VI
SCHEDULE OF FINDINGS

**TOWN OF CLAYTON
CLAYTON, LOUISIANA
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2010**

Section I: Summary of Auditor's Reports

1. Type of auditor's report issued on the primary government financial statements:

Governmental activities	Unqualified
Business-type activities	Unqualified
Major funds:	
General fund	Unqualified
Capital projects fund	Unqualified
Indebtedness fund	Unqualified
Utility fund	Unqualified

2. Internal control over financial reporting:

a. Material weakness(es) identified?	No
b. Significant deficiency(ies) identified that are not considered to be material weaknesses?	Yes

3. Noncompliance material to the primary government financial statements?	No
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**TOWN OF CLAYTON, LOUISIANA
CLAYTON, LOUISIANA
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2009**

Reference No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken (Yes, No, Partially)	Planned Corrective Action/Partial Corrective Action Taken
Section I - Internal Control and Compliance Material to the Financial Statements:				
2009-1	Years ago	<u>Segregation of Duties</u> We noted the Town of Clayton does not have adequate segregation of duties in the accounting department. People are responsible for collections, posting accounts receivable records, posting the cash receipts journals, posting the cash disbursement journals, posting the general ledgers, preparing deposits, opening bank statements, and preparing bank reconciliations as well as writing and signing checks. In order to increase internal controls, the functions should be separated.	No	No plans
2009-2	2003	<u>Gas Losses</u> We noted that the Town experienced 28% gas losses during the year. Gas losses were as follows: Gas purchased		

**TOWN OF CLAYTON, LOUISIANA
CLAYTON, LOUISIANA
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2009**

Reference No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken (Yes, No, Partially)	Planned Corrective Action/Partial Corrective Action Taken
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Section I - Internal Control and Compliance Material to the Financial Statements (continued):

2009-3	2009	<u>Budget Law Violation</u> We noted the Town had budgeted expenditures of \$128,519 and actual expenditures of \$163,668. The variance was 27% in excess of the budgeted amount. Louisiana Revised Statute 39:1311 requires expenditures to be within 5% of the amount budgeted.	Yes	This finding has been corrected.
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Section II - Internal Control and Compliance Material to Federal Awards:

None			N/A	N/A
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Section III - Management Letter:

None			N/A	N/A
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**TOWN OF CLAYTON
CLAYTON, LOUISIANA
SCHEDULE OF CURRENT YEAR FINDINGS, RECOMMENDATIONS, AND
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2010**

Ref. No.	Description of Finding	Corrective Action Planned	Name(s) of Contact Person(s)	Anticipated Completion Date
Section I - Internal Control and Compliance Material to the Financial Statements:				
2010-1	<p><u>Segregation of Duties</u> We noted the Town of Clayton does not have adequate segregation of duties in the accounting department. Two people are responsible for collection, posting accounts receivable records, posting the cash receipts journals, posting the cash disbursement journals, posting the general ledgers, preparing deposits, opening bank statements, and preparing bank reconciliations as well as writing and signing checks. In order to increase internal controls, the functions should be separated.</p> <p>We recommend the Town attempt to separate duties in order to strengthen internal control.</p>	No action planned.	Sadie Jones, Town Clerk	None
2010-2	<p><u>Utility Cut-off Policy</u> As of June 30, 2010, the Town of Clayton had 111 out of 466 utility customers receiving utility services in violation of the utility cut-off policy. These customers owed a total of \$15,021.36. Out of the 111 customers, 12 of them were 120 days past due and 5 of these 111 customers had not made any payments in over 90 days.</p> <p>The utility cut-off policy requires the Town to terminate services to customers who have not paid by the 5th day of the month following the month the bills were mailed.</p> <p>We recommend that the Town comply with its utility cut-off policy in the future and cut off water and gas services to customers who do not pay within the time limit.</p>	Mayor will correct this finding.	Sadie Jones, Town Clerk	6/30/2011

**TOWN OF CLAYTON
CLAYTON, LOUISIANA
SCHEDULE OF CURRENT YEAR FINDINGS, RECOMMENDATIONS, AND
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2010**

Ref. No.	Description of Finding	Corrective Action Planned	Name(s) of Contact Person(s)	Anticipated Completion Date
Section 1 - Internal Control and Compliance Material to the Financial Statements (continued):				
2010-3	<p><u>Sales Tax Collection</u> We noted the Town collected sales tax from customers each month but due to recent state law changes, there is no longer sales tax due. At June 30, 2010, sales tax payable has a balance of \$555.96.</p> <p>We recommend the Town refund the sales tax collected.</p>	Yes	Sadie Jones, Town Clerk	6/30/2011
2010-4	<p><u>Issuance of Form 1099</u> During the year ended June 30, 2010, the Town issued checks totaling more than \$600 to several individuals for services performed. Internal Revenue Service Regulations require the Town to issue a Form 1099 to any individual paid \$600 or more in a calendar year for services rendered. The Town did not issue any 1099s for the calendar year 2009.</p> <p>We recommend the Town comply with Internal Revenue Service Regulations.</p>	Yes	Sadie Jones, Town Clerk	6/30/2011

**TOWN OF CLAYTON
CLAYTON, LOUISIANA
SCHEDULE OF CURRENT YEAR FINDINGS, RECOMMENDATIONS, AND
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2010**

<u>Ref. No.</u>	<u>Description of Finding</u>	<u>Corrective Action Planned</u>	<u>Name(s) of Contact Person(s)</u>	<u>Anticipated Completion Date</u>
Section II - Internal Control and Compliance Material to Federal Awards:				
None			N/A	N/A
Section III - Management Letter:				
None			N/A	N/A